

MINUTES

MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION SUB COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By **SEN. MIKE TAYLOR**, on March 8, 1999 at 11:05 A.M., in Room 105 Capitol.

ROLL CALL

Members Present:

Sen. Mike Taylor, Chair (R)
Sen. Tom Keating (R)
Sen. Linda Nelson (D)

Members Excused: Sen. Chuck Swysgood, Chairman (R)
Sen. Tom A. Beck (R)
Sen. Chris Christiaens (D)
Sen. William Crismore (R)
Sen. Eve Franklin (D)
Sen. Greg Jergeson (D)
Sen. Bob Keenan (R)
Sen. J.D. Lynch (D)
Sen. Dale Mahlum (R)
Sen. Ken Mesaros (R)
Sen. Ken Miller (R)
Sen. Arnie Mohl (R)
Sen. Debbie Shea (D)
Sen. Daryl Toews (R)
Sen. Mignon Waterman (D)

Members Absent: None.

Staff Present: Shannon Gleason, Committee Secretary
Clayton Schenck, Legislative Branch
Jim Standaert, Legislative Branch
Terry Johnson, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SUB COMMITTEE MEETING ON SB
200 AMENDMENTS, 3/3/1999
Executive Action:

A sub committee consisting of **SEN. MIKE TAYLOR, CHAIRMAN, SEN. LINDA NELSON, and SEN. TOM KEATING** was appointed from the Senate Committee on Finance and Claims to review the House amendments to SB200.

SEN. TAYLOR advised the sub committee the fiscal note had changed considerably after the House amendments causing a \$34,000,000.00 difference because the tax credits for job training had been eliminated and the tax reimbursement schedule changed as follows: class 6 deductions on animals starts in 1999 and accounts for an \$835,615.00 impact, the \$15,000.00 personal property tax exemption begins in 2000, the \$40,000.00 exemption becomes effective in 2001 and 2002.

SEN. TAYLOR thought the bill may serve the purpose better as it was before, and explained his goal was to see a 3% tax as a benchmark. **SEN. TAYLOR** explained after reviewing other states, 3% seemed to be the mark where growth occurs. **SEN. TAYLOR** explained how he arrived at three percent as a trigger to the committee. **Jim Standaert**, Legislative Services, explained the background and calculations to the committee to the them to the committee.

SEN. TAYLOR commented the first thing companies ask for when looking to locate in Montana is tax relief, and he explained there was a dairy trying to locate in eastern Montana that would provide 400 jobs but Montana is competing with North Dakota where there is a one-time 1% sales tax on equipment. **SEN. TAYLOR** heard speculation that the plant would locate in North Dakota and use Montana's resources, costing thousands of dollars in taxes.

SEN. KEATING, SEN. NELSON and SEN. TAYLOR were all concerned about the loss of revenue to the state and how that would be recovered. **SEN. TAYLOR** advised this plan works, it has proven itself in other states. **SEN. TAYLOR** was concerned the amendments effecting the tax schedule made this bill just tax relief and he stated he is not looking for just tax relief, but looking for a way to stimulate the economy by adding and expanding companies.

Mr. Standaert questioned the exemptions and asked why the tax was not reduced 1% per year until 3% is reached, **SEN. TAYLOR** thought that would work, however he noted concerns from other Legislators that small businesses were not getting any tax relief.

SEN. NELSON felt it was important to guard against having to pass a sales tax to back fill the hole created by all the tax cuts, **SEN. TAYLOR** stated this tax cut is the only one out there that would give tax relief and stimulate the economy to generate revenue.

SEN. NELSON thought if taxes should be scaled back, possibly the license and property tax should be changed, not this bill. **SEN. KEATING** thought this should have been done several years ago but thought the public did not understand the total effect, **SEN. TAYLOR** agreed and added the cities and towns are not against the bill because they understand it will generate revenue. **SEN. NELSON** thought it was important to give the people tax relief they could see.

SEN. NELSON wanted an scenario of how this bill would work as it was passed by the Senate. **SEN. KEATING** explained the exemptions and tax decrease.

SEN. TAYLOR stated Montana is not the first state to try this and it works. **SEN. KEATING** advised in the last 15 years the state has lost thousands of dollars in jobs and taxes. **SEN. NELSON** commented she would like to reduce taxes but does not want to go away irresponsible.

ADJOURNMENT

Adjournment: 12:16 P.M.

SEN. MIKE TAYLOR, Chairman

SHANNON GLEASON, Secretary

CS/SG

EXHIBIT (fcs52aad)